



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

October 23, 2003

Energy prices and supplies shown throughout this bulletin are from Oct. 20, 2003 unless otherwise noted. Also shown are energy data from a month ago, Sep. 15, 2003, and from a year ago, Oct. 21, 2002.

Heating Fuels

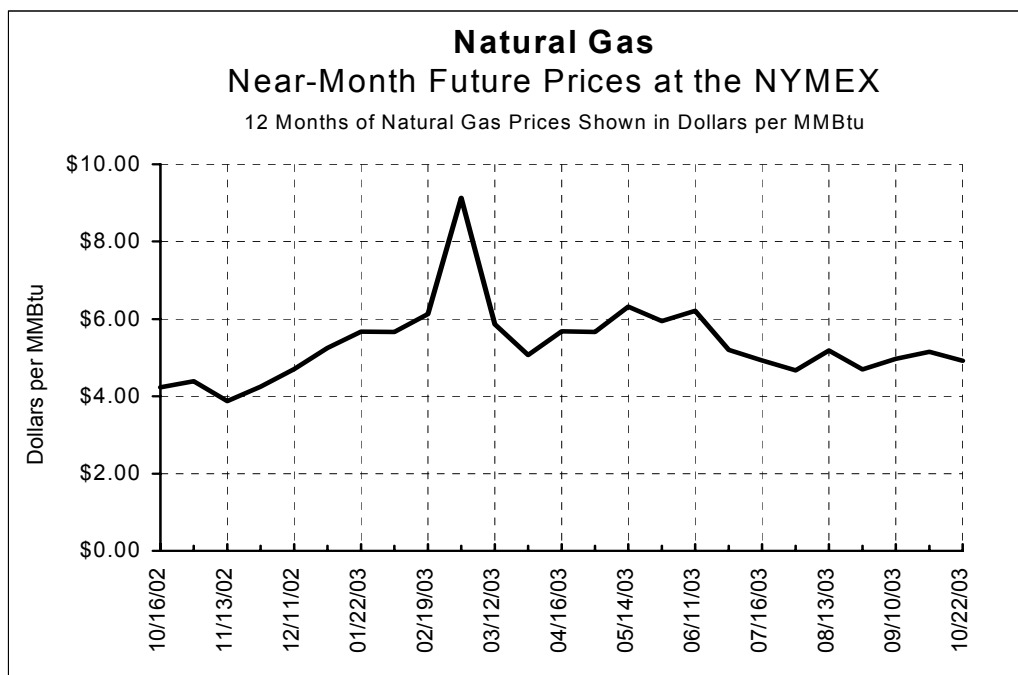
Heating fuels tracked in the Missouri Energy Bulletin include natural gas, propane and residential heating oil. All heating fuel prices and supplies shown from October through March are updated in every new release of the bulletin. From April through September, propane and heating oil prices and supplies are either not available or revised once a month.

Natural Gas

Approximately 60 percent of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity. From 1997 to 2000, Missouri electric utilities' use of natural gas increased by an annual average of 23 percent.

- The spot price for natural gas at the Henry Hub, throughout this last month (Sep. 15 to Oct. 22), increased by 0.22 dollars per MMBtu (5 percent) moving from 4.65 to 4.86 dollars per MMBtu. Throughout this last year (Oct. 21, 2002 to Oct. 22, 2003), the price paid increased by 0.61 dollars per MMBtu moving from 4.25 to 4.86 dollars per MMBtu, an increase of 14 percent. (Source: *Wall Street Journal*)
- The near-month contract settlement price paid for natural gas futures at the NYMEX, throughout this last month (Sep. 10 to Oct. 22), decreased by 0.05 dollars per MMBtu (1 percent) moving from 4.97 to 4.92 dollars per MMBtu. Throughout this last year (Oct. 16, 2002 to Oct. 22, 2003), the price paid increased by 0.69 dollars per MMBtu moving from 4.23 to 4.92 dollars per MMBtu, an increase of 16 percent.
- Missouri Public Service Commission staff have reported at natural gas town hall meetings throughout the state that Missouri residential natural gas bills this winter are anticipated to be 10 to 20 percent higher than last year if normal winter weather is observed and the natural gas market doesn't change dramatically. These higher prices can be attributed to a higher market price for natural gas and natural gas placed in storage this summer was more expensive than past years.
- Heating fuel consumption levels, and heating oil and natural gas prices, are highly weather-dependent. The National Weather Service (NWS) of the National Oceanic and Atmospheric Administration (NOAA) predicts equal chances for above-, below-, and near-normal temperatures for nearly the entire nation. For many of the high gas-consuming areas of the country, the "equal chances" forecast reflects great uncertainty regarding the prospects for natural gas consumption and prices during the upcoming heating season. The major factor in arriving at the "equal chances" forecast is that, unlike in most of the last six winters, this winter season will lack the influence of either a strong El Nino or La Nina. (NOAA 2003-2004 Winter Outlook)

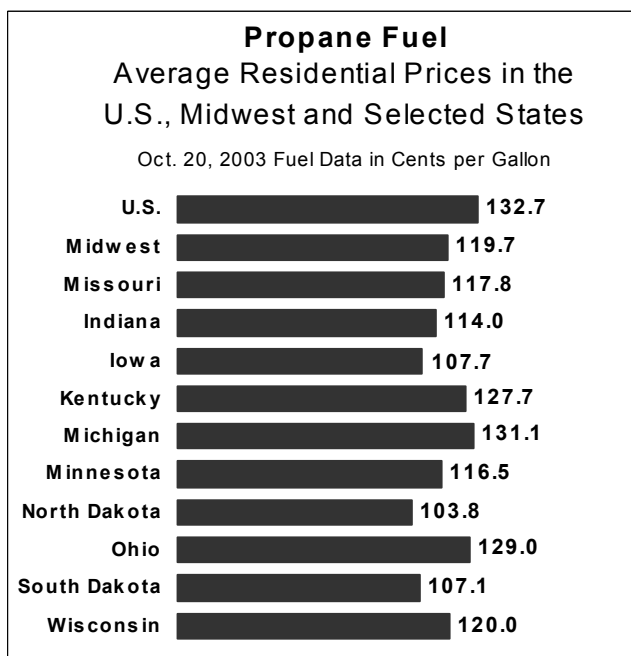
- Working gas in storage was 3,028 Bcf as of Friday, Oct. 17, 2003, according to EIA estimates. This represents a net increase of 84 Bcf from the previous week. Stocks were 133 Bcf less than last year at this time and 25 Bcf above the 5-year average of 3,003 Bcf.



Propane

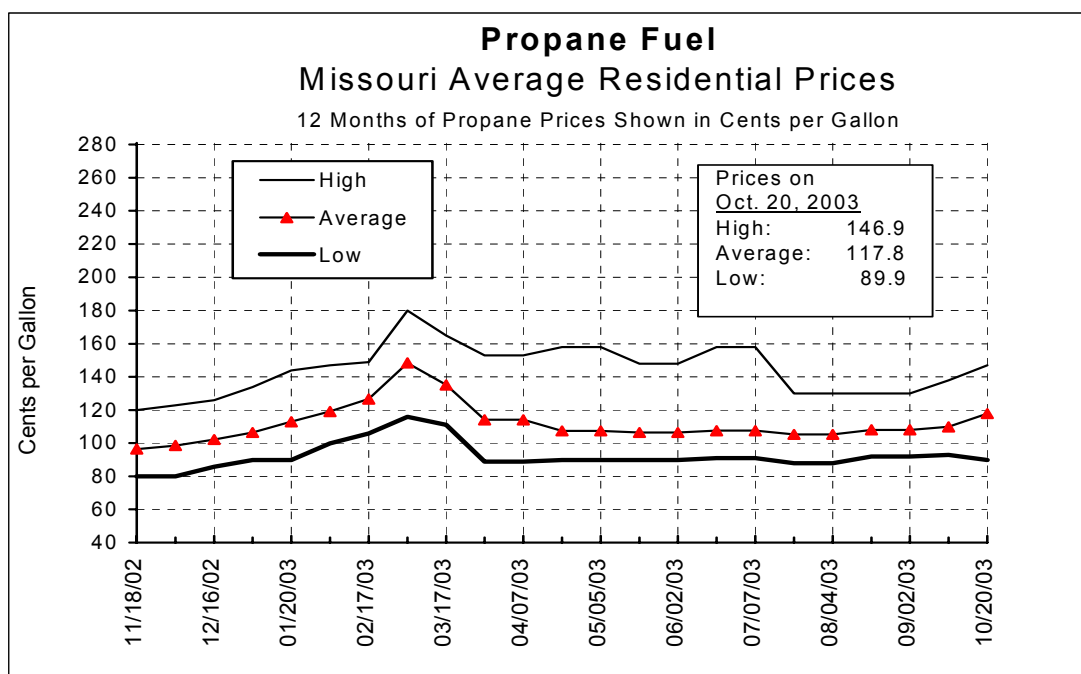
Approximately 12 percent of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles. In 2000, Missourians spent about \$459 million and used 455 million gallons of propane.

- The average price paid for residential propane in **Missouri**, throughout this last month, increased by 9.7 cents per gallon (9 percent) moving from 108.1 to 117.8 cents per gallon. Throughout this last year, the price paid for propane increased by 25.1 cents per gallon moving from 92.7 to 117.8 cents per gallon, an increase of 27 percent.
- Propane stocks in the **United States**, throughout this last month (Sep. 12 to Oct. 17), were up by 1.5 million barrels moving from 64.8 to 66.3 million barrels, an increase of 2 percent. In the **Midwest**, stocks were up by 1.1 million barrels (5 percent) moving from 21.2 to 22.4 million barrels.
- Propane stocks in the **United States**,



throughout this last year (Oct. 18, 2002 to Oct. 17, 2003), were down by 1.5 million barrels (2 percent) moving from 67.8 to 66.3 million barrels. In the **Midwest**, stocks were down by 2.2 million barrels moving from 24.5 to 22.4 million barrels, a decrease of 9 percent.

- Regional increases in propane inventories showed the Midwest with the largest increase last week, totaling nearly 0.3 million barrels. Currently, Midwest supplies are 4.109 million barrels or 15.5% below the five-year average of 26.459 million barrels.
- Some factors that contributed to the lower than normal propane supplies in the Midwest and higher prices include: propane supplies were severely depleted by the end of the 2002-2003 winter heating season; propane storage systems had difficulty in replenishing supplies due to two supply disruptions that occurred in July 2003 (with the Cochin Pipeline that carries propane from western Canada to the Midwest, and a fire at the Ponca City, OK refinery); and reduced propane shipments from the Gulf Coast to the Midwest region.

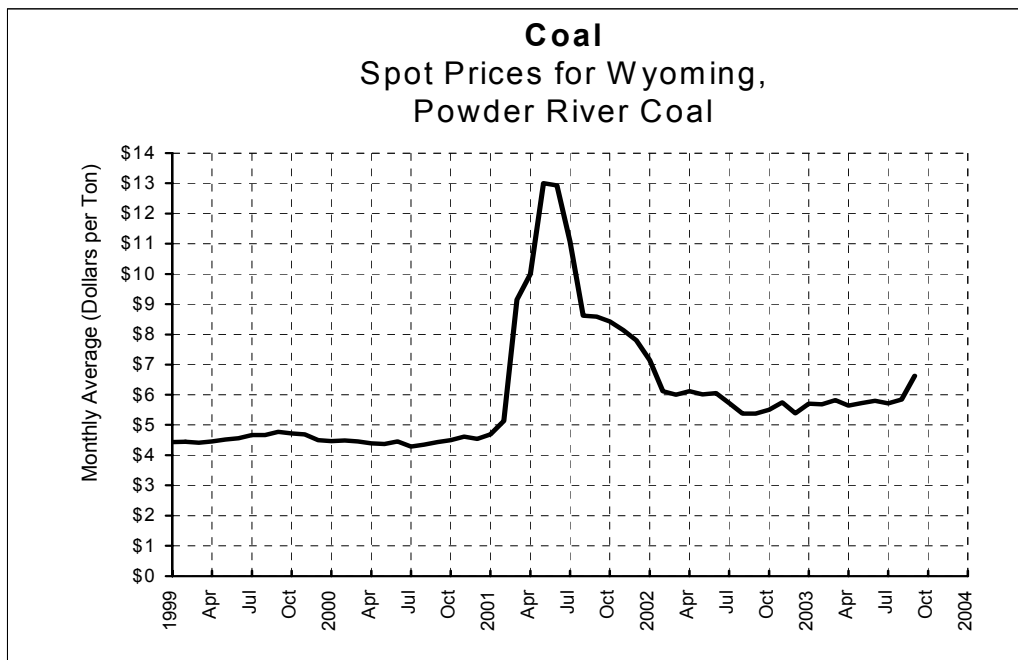


Residential Heating Oil

- The average price paid for residential heating oil in the **Midwest**, throughout this last year, increased by 6.4 cents per gallon moving from 121.1 to 127.5 cents per gallon. In the **United States**, the average price paid increased by 11.4 cents per gallon (9 percent) moving from 127.1 to 138.5 cents per gallon.
- Residential heating oil stocks in the **Midwest**, throughout this last month (Sep. 12 to Oct. 17), were down by 0.8 million barrels (10 percent) moving from 7.9 to 7.1 million barrels. In the **United States**, stocks were up by 3.6 million barrels (7 percent) moving from 52.0 to 55.6 million barrels.
- Stocks in the **Midwest**, throughout this last year (Oct. 18, 2002 to Oct. 17, 2003), were down by 0.4 million barrels (5 percent) moving from 7.5 to 7.1 million barrels. In the **United States**, stocks were down by 3.8 million barrels (6 percent) moving from 59.4 to 55.6 million barrels.

Coal

Coal-fired electric power plants located in Missouri produced 84 percent of all electric power used throughout the state in 2001. Of all coal delivered to Missouri during 2000, about 96 percent came from Wyoming.



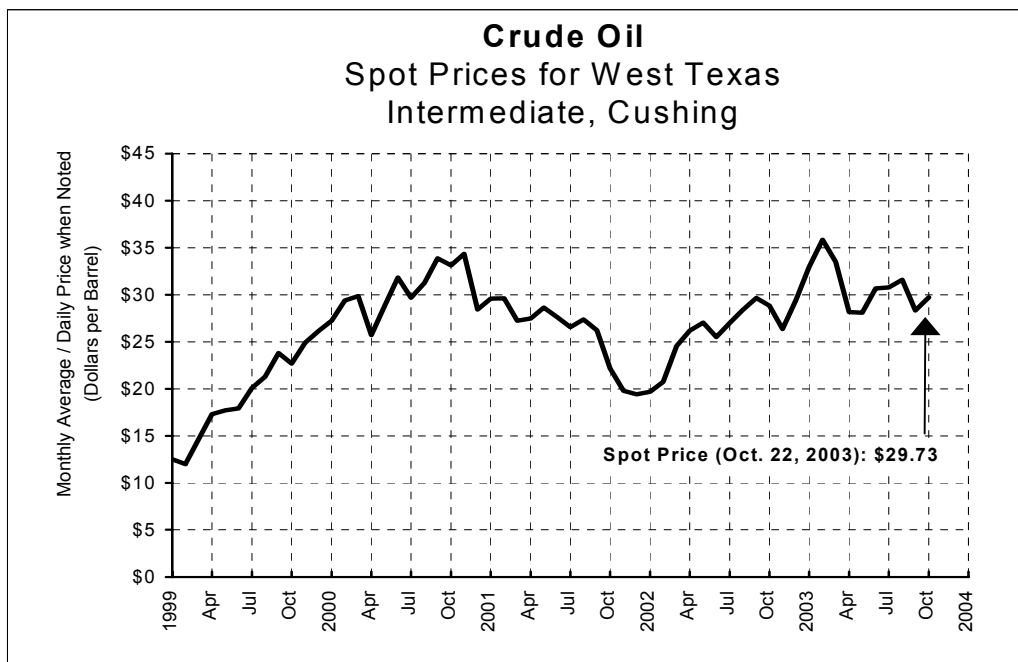
- The monthly average price paid for Wyoming, Powder River coal, throughout this last month (Aug. to Sep.), increased by 0.79 dollars (14 percent) moving from 5.84 to 6.63 dollars per ton. Throughout this last year (Sep. 2002 to Sep. 2003), the average price paid increased by 1.25 dollars moving from 5.38 to 6.63 dollars per ton, an increase of 23 percent. (Source: *Wyoming Insight*, Sep. 19, 2003)
- Estimated coal production for the week ended Oct. 11 was 21.5 million short tons (mmst). This was 0.1 mmst, or 0.7 percent higher than in the previous week and 1.4 percent above the comparable week in 2002. Year to date U.S. coal production is estimated at 836.5 mmst, or 2.2 percent behind the corresponding total for 2002.
- The recent spike in coal prices can be attributed to purchases by utilities to replenish depleted inventories, according to the state of Wyoming, and are not expected to move significantly in either direction for the next few months.

Crude Oil

- The spot price of crude oil (West Texas Intermediate - Cushing), throughout this last month (Sep. 15 to Oct. 22), increased by 1.60 dollars per barrel (6 percent) moving from 28.13 to 29.73 dollars per barrel. Throughout this last year (Oct. 21, 2002 to Oct. 22, 2003), the spot price increased by 1.35 dollars per barrel moving from 28.38 to 29.73 dollars per barrel, an increase of 5 percent. (Source: *Wall Street Journal*)
- Whether crude oil prices continue to track higher will depend on many global factors, most notably, OPEC production decisions (another meeting is scheduled in December) and the pace in the recovery

of Iraqi oil production following the war.

- U.S. crude oil supplies decreased 1.8 million barrels during the week ending Oct. 17 with supplies estimated at 288.2 million barrels. This decline was attributed to higher refinery demand, reportedly operating at 92.1 percent of total U.S. capacity. Current U.S. supplies of crude oil remain 2 million barrels higher than this time last year.



Transportation Fuels

- The average retail price paid for regular unleaded gasoline in **Missouri**, throughout this last month, decreased by 6.3 cents per gallon (4 percent) moving from 152.2 to 145.9 cents per gallon. Throughout this last year, the price paid increased by 2.6 cents per gallon moving from 143.3 to 145.9 cents per gallon, an increase of 2 percent.
- The average retail price paid for regular unleaded gasoline in the **United States**, throughout this last month, decreased 12.6 cents per gallon (7 percent) moving from 169.7 to 157.1 cents per gallon. Throughout this last year, the price paid increased by 11.3 cents per gallon, an increase of 8 percent.
- The average retail price paid for highway diesel fuel in **Missouri**, throughout this last month,

Regular Unleaded Gasoline

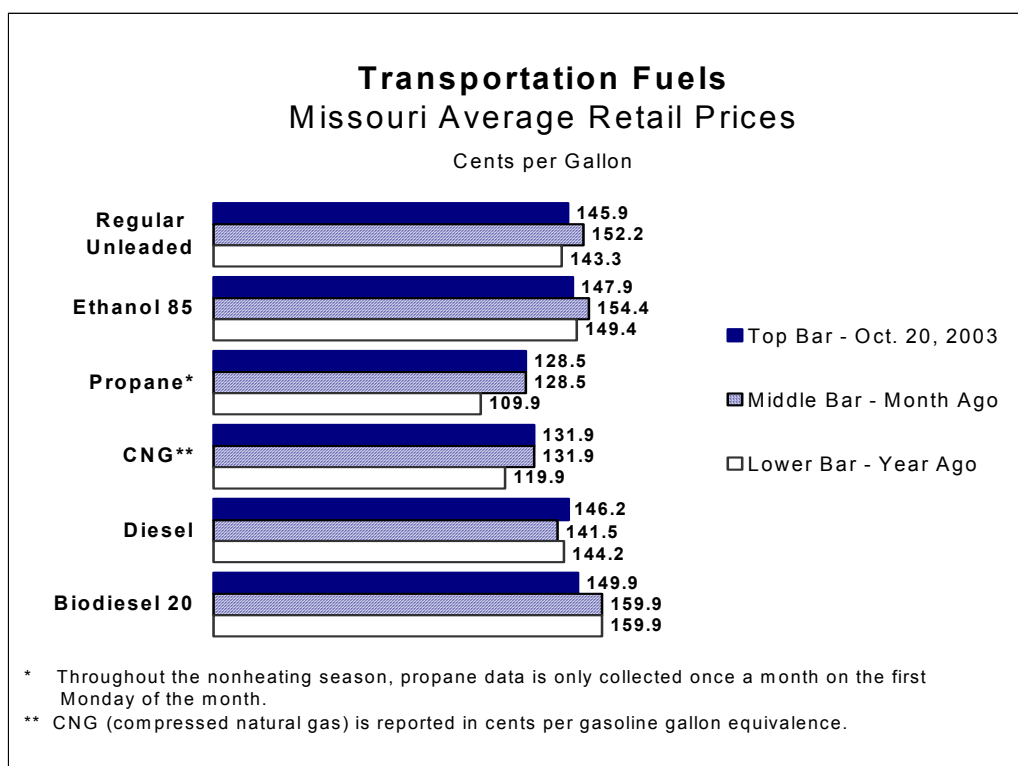
Average Retail Prices in the U.S., Midwest, Missouri and Missouri Regions

Oct. 20, 2003 Fuel Data in Cents per Gallon

U.S.	157.1
Midwest	156.1
Missouri	145.9
Central, Mo.	146.3
Kansas City, Mo.	148.3
Northeast, Mo.	147.1
Northwest, Mo.	147.4
St. Louis, Mo.	146.3
Southeast, Mo.	139.6
Southwest, Mo.	146.5

increased by 4.7 cents per gallon (3 percent) moving from 141.5 to 146.2 cents per gallon. Throughout this last year, the price paid increased by 2.0 cents per gallon moving from 144.2 to 146.2 cents per gallon, an increase of 1 percent.

- Total motor gasoline stocks in the **Midwest**, throughout this last month (Sep. 12 to Oct. 17) were down by 2.2 million barrels (4 percent) moving from 50.3 to 48.1 million barrels. In the **United States**, stocks were up by 0.7 million barrels moving from 195.3 to 196.0 million barrels, an increase of less than 1 percent.
- Total motor gasoline stocks in the **Midwest**, throughout this last year (Oct. 18, 2002 to Oct. 17, 2003), were down by 1.0 million barrels (2 percent) moving from 49.1 to 48.1 million barrels. In the **United States**, stocks were up by 0.6 million barrels moving from 195.4 to 196.0 million barrels, an increase of less than 1 percent. U.S. gasoline supplies are now 0.6 million barrels higher than this time last year.



The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Energy Bulletin is a public resource that is made available to state government decision-makers, to any other interested individual upon request and on-line at the Energy Center Internet site. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration and Chicago Regional Office; the National Association of State Energy Officials the Missouri Propane Gas Association and the Propane Education and Research Council; the St. Louis AAA Auto Club; regional state energy offices; and, Missouri's energy retailers.